GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2851
ANSWERED ON:06.12.2001
PURCHASE OF POWR FROM PRIVATE PRODUCERS
VINAY KUMAR SORAKE

Will the Minister of POWER be pleased to state:

(a) whether the decision to allow exorbitant capital cost to private power producer Spectrum-GVK in Andhra Pradesh has snow-balled into a major controversy;

(b) if so, whether the AP Transco of Andhra Pradesh has contracted to purchase power from private producer at high cost;

(c) if so, whether seven public sector banks led by SBI and 7 FIs led by IDBI are lenders to the project; and

(d) if so, the Government propose to protect the interest/stake of the banks/FIs if the NRI consortium walk out of the deal?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (d) : The Central Electricity Authority (CEA) has accorded Techno-EconomicClearance to the Jegurupadu Power Project (216 MW) of M/s GVK Industries at aprovisional cost of Rs.827 crores (including Interest During Construction) and to theGodavari power project of M/s Spectrum Power Generation Limited at a provisional costof Rs.748.43 crores (including IDC).Some representations received by the Government alleging that the completed capital cost of these projects is exorbitantly high, has been forwarded to the Government of Andhra Pradesh. As per information received from the IDBI in regard to the Godavari power project, a total of 11 Financial Institutions/Banksincluding IDBI (not including SBI) have exposure in the projectAs regards SBI, due tofailure by the Company to raise equity to the expected level, there was development of Letters of Credit by SBI.The dues under the LC have since been converted to a Term Loan and the present exposure on the Company by SBI stands at Rs.170.29 crores.In the Jegurupadu power project, as per the tentative financial package cleared by the CEA, atotal of 7 Indian Financial Institutions have been exposed for debt financing of the project. The Industrial Development Bank of India (IDBI) has informed that theGodavari project suffered time overrun of nearly 9 months and commenced commercial operation from April, 1999, as against July, 1997 at an estimated revised cost of Rs.990 crores. The CEA, which is the statutory body responsible for granting concurrence to theabove projects, has not so far accorded clearance to the final completed cost of both projects due to non-receipt of certain details from the Government of Andhra Pradesh/Transmission Corporation of Andhra Pradesh Limited (APTransco).The Power Purchase Agreements in regard to the above mentioned projects were signed between the erstwhile Andhra Pradesh Electricity Board and the project developers.